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*Testimony of the American Council of Life Insurers
Before the Joint Committee on Insurance & Real Estate
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Senate Bill 201 - An Act Concerning Cancellation Notices of Individual Life Insurance Policies

Senator Crisco, Representative Megna and members of the Insurance and Real Estate Committee, the American Council of Life Insurers ("ACLI") appreciates the opportunity to offer the following comments in opposition to **Senate Bill 201 - An Act Concerning Cancellation Notices of Individual Life Insurance Policies**. This legislation would place functionally problematic administrative requirements on life insurers regarding lapse notifications and third party designations.

Insurers routinely receive and process many administrative requests from policyholders. These range from updated address information to a request for a change of beneficiary. A request for a third party designee is currently a routine administrative function, and like other requests, is streamlined and automated to the greatest extent possible. Simplified management of routine requests is efficient for both the companies and policyholders. There is no necessity for a new law which would add burdensome and unworkable restrictions to this type of administrative function.

The clerical requirements contained in Senate Bill 201 are needlessly complex. An insurer should be able to rely on designations it receives from a policyholder and to be able to process those designations expediently. Under the proposal, companies will not be able to act upon directives in a timely manner but will instead have to monitor whether all parties have received, and acknowledged by written consent, various notices. The proposal requires that a third party designee must accept such designation in writing before the insurer can implement the request. Further, once accepted, the termination of the designation by the owner requires that notice be given to the third party, and termination by the third party requires notice to the owner. It may not seem significant, but the current proposal will create considerable confusion and administrative burden. To a policyholder making a third party designee request, this requirement will seem like corporate bureaucratic red-tape serving only to delay their stated wishes.

ACLI also objects to the provision contained in (c)(1) which would require notice of cancellation being sent by registered or certified mail. This is a costly and unnecessary obligation.

Thank you for your consideration of our position in opposition to **Senate Bill 201 - An Act Concerning Cancellation Notices of Individual Life Insurance Policies**. Please contact John Larkin at (860) 508-9924 or Kate Kiernan at (202) 624-2463 with any questions.

The American Council of Life Insurers (ACLI) is a national trade association with approximately 300 member companies operating in the United States and abroad. 228 member companies serve Connecticut consumers. ACLI advocates in federal, state, and international forums for public policy that supports the industry marketplace and the 75 million American families that rely on life insurers' products for financial and retirement security. ACLI members offer life insurance, annuities, retirement plans, long-term care and disability income insurance, and reinsurance, representing more than 90 percent of industry assets and premiums in Connecticut. Learn more at www.acli.com.

American Council of Life Insurers

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